



**VILLAGE OF VIRGINIA GARDENS, FLORIDA**  
**Financial Section, Required Supplementary Information, and**  
**Supplementary Financial Reports Compliance Section**  
**September 30, 2023**  
**With Independent Auditor's Reports**

**Village of Virginia Gardens, Florida**  
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**September 30, 2023**

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## INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Village Council of  
Village of Virginia Gardens, Florida:

### Report on the Audit of the Financial Statements

#### Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Village of Virginia Gardens, Florida (the "Village") as of and for the year ended September 30, 2023, and the related notes to financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Village as of September 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Village and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### Responsibilities of Management for the Financial Statements

The Village's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 9, and schedule of revenues, expenditures, and changes in fund balances - budget and actual - government funds information on page 30, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board ("GASB") who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

## Other Matters

### *Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Village's basic financial statements. The Schedule of Expenditures of Federal Awards for the year ended September 30, 2023, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and Schedule of Expenditures of State Financial Assistance, as required by Chapter 10.650, *Rules of the Auditor General of the State of Florida*, for the year ended September 30, 2023, are presented for purposes of additional analysis and are not a required part of the financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

### Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 19, 2024, on our consideration of the Village of Virginia Gardens, Florida's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



September 19, 2024

# **Village of Virginia Gardens, Florida**

## **Management's Discussion and Analysis**

### **September 30, 2023**

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As management of the Village of Virginia Gardens, Florida (the "Village"), we offer readers of the Village's basic financial statements this narrative overview and analysis of the financial activities of the Village for the fiscal year ended September 30, 2023. We encourage readers to consider the information presented here in conjunction with the Auditor's report, the basic financial statements, and the notes to basic financial statements.

The Village implemented the Governmental Accounting Standards Board ("GASB") Statement No. 34 "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments" in fiscal year ended September 30, 2004. Under GASB Statement No. 34, retroactive infrastructure reporting for small governments is optional. Village management has reviewed the cost/benefit of the additional reporting requirements and determined not to retroactively apply the infrastructure reporting requirements of GASB Statement No. 34. The Village has capitalized infrastructure assets since implementation of GASB Statement No. 34.

This discussion and analysis are designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the Village's financial activity, (c) identify changes in the Village's financial position (its ability to address the next and subsequent year challenges), (d) identify any material deviations from the financial plan (the approved budget), and (e) identify individual fund issues or concerns. The information contained within this section should be considered only a part of a greater whole.

#### **Financial Highlights**

- The assets of the Village exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$8,449,346 (net position). Of this amount, \$432,447 (unrestricted net position) may be used to meet the government's ongoing obligations to residents and creditors.
- During the fiscal year, the Village's total net position increased by \$3,150,143.
- As of the close of the current fiscal year, the Village's governmental funds reported combined ending fund equity of \$177,785, an increase of \$28,440 in comparison with the prior year. Of this amount, the Village has a deficit in the unassigned fund balance of \$36,310. To address this deficit, the Village has increased the operating millage rate for the fiscal year ending September 30, 2024 to 4.8500 which is higher than the 2023 millage rate of 4.6000 mills.

#### **Overview of the Financial Statements**

This annual report consists of four parts – management's discussion and analysis (this section), the basic financial statements, required supplementary information, and supplementary financial reports compliance section. The basic financial statements include two kinds of statements that present different views of the Village:

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the Village's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the Village government, reporting the Village's operations in more detail than the government-wide statements.
- The governmental funds statements show how general government services such as public safety was financed in the short term as well as what remains for future spending.
- Proprietary fund statements offer short-term and long-term financial information about the activities the government operates like businesses, such as the water fund.

# Village of Virginia Gardens, Florida

## Management's Discussion and Analysis

### September 30, 2023

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The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information which further explains and supports the information in the financial statements.

**Government-wide financial statements.** The *government-wide financial statements* are designed to provide readers with a broad overview of the Village's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the Village's assets and liabilities with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Village is improving or deteriorating.

The *statement of activities* presents information showing how the Village's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The government-wide financial statements distinguish functions of the Village that are principally supported by taxes and intergovernmental revenues from other functions that are intended to recover all or a significant portion of their costs through user fees and charges. The governmental activities of the Village include general government, public safety, physical environment, transportation, human services, and culture and recreation. The business-type activity of the Village includes a water fund.

The government-wide financial statements can be found on pages 10 and 11 of this report.

**Fund financial statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Village, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Village can be divided into two categories: governmental funds and proprietary funds.

**Governmental funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Village maintains two individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the general fund and the Village's public works fund, which is considered to be a special revenue fund.

The Village adopts an annual appropriated budget for its general fund and public works fund. A budgetary comparison statement has been provided to demonstrate compliance with this budget.

The basic governmental funds financial statements can be found on pages 12 and 13 of this report.

**Village of Virginia Gardens, Florida  
Management's Discussion and Analysis  
September 30, 2023**

**Proprietary fund.** The Village maintains one proprietary or enterprise fund. An *enterprise fund* is used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Village uses an enterprise fund to account for its water fund.

The basic proprietary fund financial statements can be found on pages 14 through 16 of this report.

**Notes to basic financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to financial statements can be found on pages 17 through 29 of this report.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning budget to actual comparisons for the Village's general fund and public works fund. Required supplementary information can be found on page 30 of this report.

**Government-Wide Financial Analysis**

The table below summarizes the statements of net position:

<b>Village of Virginia Gardens, Florida</b>								
<b>Net Position</b>								
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>		<u>Amount Change</u>	<u>% Change</u>
	September 30,		September 30,		September 30,			
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>		
<b>Current and other assets</b>								
Current assets	\$ 1,956,658	\$ 1,540,403	\$ 692,356	\$ 656,688	\$ 2,649,014	\$ 2,197,091	\$ 451,923	20.6 %
Noncurrent assets	119,429	199,072	-	-	119,429	199,072	(79,643)	(40.0)
Capital assets, net	<u>7,254,251</u>	<u>4,623,852</u>	<u>95,786</u>	<u>109,078</u>	<u>7,350,037</u>	<u>4,732,930</u>	<u>2,617,107</u>	55.3
<b>Total assets</b>	<u>9,330,338</u>	<u>6,363,327</u>	<u>788,142</u>	<u>765,766</u>	<u>10,118,480</u>	<u>7,129,093</u>	<u>2,989,387</u>	41.9
<b>Long-term liabilities</b>								
outstanding	166,621	147,751	-	-	166,621	147,751	18,870	12.8
Other liabilities	147,272	163,780	104,211	92,009	251,483	255,789	(4,306)	(1.7)
Unearned revenue	<u>1,058,340</u>	<u>1,154,392</u>	<u>-</u>	<u>-</u>	<u>1,058,340</u>	<u>1,154,392</u>	<u>(96,052)</u>	(8.3)
<b>Total liabilities</b>	<u>1,372,233</u>	<u>1,465,923</u>	<u>104,211</u>	<u>92,009</u>	<u>1,476,444</u>	<u>1,557,932</u>	<u>(81,488)</u>	(5.2)
Deferred inflows	<u>192,690</u>	<u>271,958</u>	<u>-</u>	<u>-</u>	<u>192,690</u>	<u>271,958</u>	<u>(79,268)</u>	(29.1)
<b>Net position</b>								
Investment in capital assets, net of related debt	7,254,251	4,623,852	95,786	109,078	7,350,037	4,732,930	2,617,107	55.3
Restricted	666,862	10,168	-	-	666,862	10,168	656,694	6,458.4
Unrestricted	<u>(155,698)</u>	<u>(8,574)</u>	<u>588,145</u>	<u>564,679</u>	<u>432,447</u>	<u>556,105</u>	<u>(123,658)</u>	(22.2)
<b>Total net position</b>	<u>\$ 7,765,415</u>	<u>\$ 4,625,446</u>	<u>\$ 683,931</u>	<u>\$ 673,757</u>	<u>\$ 8,449,346</u>	<u>\$ 5,299,203</u>	<u>\$ 3,150,143</u>	59.4 %

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Village, assets exceeded liabilities and deferred inflows by \$8,449,346 at the close of the most recent fiscal year and total net position increased by \$3,150,143 from the prior fiscal year.

**Village of Virginia Gardens, Florida**  
**Management's Discussion and Analysis**  
**September 30, 2023**

The largest portion of the Village's net position (\$7,350,037 or 87%) reflects its investment in capital assets (e.g., land, buildings and improvements, infrastructure, machinery, equipment, and vehicles) less any related debt used to acquire those assets that are still outstanding. The Village uses these capital assets to provide services to residents; consequently, these assets are *not* available for future spending. Although the Village's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Village's net position, \$666,862, represents resources that are subject to external restrictions as to how they may be used.

The balance of *unrestricted net position*, \$432,447, may be used to meet the government's ongoing obligations to residents and creditors.

At the end of the current fiscal year, the Village had a negative unassigned net position and positive nonspendable and restricted net positions in its governmental funds. However, the Village is able to report positive balances in the three categories of net position, both for the government as a whole, as well as for its separate business-type activities. In the prior fiscal year, the Village had positive balances in the three categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities.

The table below summarizes the statements of activities:

<b>Village of Virginia Gardens, Florida</b>								
<b>Changes in Net Position</b>								
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>		<u>Amount</u> <u>Change</u>	<u>%</u> <u>Change</u>
	<u>Year Ended</u> <u>September 30,</u> <u>2023</u>	<u>2022</u>	<u>Year Ended</u> <u>September 30,</u> <u>2023</u>	<u>2022</u>	<u>Year Ended</u> <u>September 30,</u> <u>2023</u>	<u>2022</u>		
<b>Revenues</b>								
Program revenues								
Fees, fines, and charges for services	\$ 1,509,233	\$ 661,033	\$ 379,527	\$ 362,166	\$ 1,888,760	\$ 1,023,199	\$ 865,561	84.6 %
Capital grants and contributions	2,865,962	588,009	-	-	2,865,962	588,009	2,277,953	387.4
General revenues								
Ad valorem taxes	1,518,532	1,521,117	-	-	1,518,532	1,521,117	(2,585)	(0.2)
Utility taxes and franchise fees	563,005	484,056	-	-	563,005	484,056	78,949	16.3
Other general taxes	590,815	567,891	-	-	590,815	567,891	22,924	4.0
Investment earnings	27,335	19,219	-	-	27,335	19,219	8,116	42.2
Miscellaneous	30,827	60,137	-	-	30,827	60,137	(29,310)	(48.7)
Total revenues	<u>7,105,709</u>	<u>3,901,462</u>	<u>379,527</u>	<u>362,166</u>	<u>7,485,236</u>	<u>4,263,628</u>	<u>3,221,608</u>	75.6
<b>Expenses</b>								
General government	981,336	954,633	-	-	981,336	954,633	26,703	2.8
Public safety	2,200,875	1,781,648	-	-	2,200,875	1,781,648	419,227	23.5
Physical environment	364,234	321,272	-	-	364,234	321,272	42,962	13.4
Transportation	147,371	201,775	-	-	147,371	201,775	(54,404)	(27.0)
Human services	14,114	41,865	-	-	14,114	41,865	(27,751)	(66.3)
Culture and recreation	257,810	284,256	-	-	257,810	284,256	(26,446)	(9.3)
Water	-	-	369,353	408,557	369,353	408,557	(39,204)	(9.6)
Total expenses	<u>3,965,740</u>	<u>3,585,449</u>	<u>369,353</u>	<u>408,557</u>	<u>4,335,093</u>	<u>3,994,006</u>	<u>341,087</u>	8.5
<b>Increase (decrease) in net position</b>	3,139,969	316,013	10,174	(46,391)	3,150,143	269,622	2,880,521	1,068.4
<b>Net position</b>								
Beginning of year	<u>4,625,446</u>	<u>4,309,433</u>	<u>673,757</u>	<u>720,148</u>	<u>5,299,203</u>	<u>5,029,581</u>	<u>269,622</u>	5.4
End of year	<u>\$ 7,765,415</u>	<u>\$ 4,625,446</u>	<u>\$ 683,931</u>	<u>\$ 673,757</u>	<u>\$ 8,449,346</u>	<u>\$ 5,299,203</u>	<u>\$ 3,150,143</u>	59.4 %

# Village of Virginia Gardens, Florida

## Management's Discussion and Analysis

### September 30, 2023

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**Governmental activities.** Governmental activities increased the Village's net position by \$3,139,969 due mainly to increases in utility taxes, franchise fees and capital grant revenue during the fiscal year ended September 30, 2023.

**Business-type activities.** Business-type activities increased the Village's net position by \$10,174 due mainly to decreased operating expenses during the fiscal year ended September 30, 2023.

#### Financial Analysis of the Government's Funds

As noted earlier, the Village uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds.** The focus of the Village's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the Village's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Village's governmental funds reported combined ending fund balances of \$177,785, an increase of \$28,440.

The general fund is the chief operating fund of the Village. At the end of the current fiscal year, the unassigned fund balance of the general fund was a deficit of \$36,310. As a measure of the general fund's liquidity, it may be useful to compare the unassigned fund balance to total fund expenditures. The unassigned fund balance represents approximately -1% of total general fund expenditures. To address this deficit, the Village has increased the operating millage rate for the fiscal year ending September 30, 2024 to 4.8500 which is higher than the 2023 millage rate of 4.6000 mills.

**Proprietary fund.** The Village's proprietary fund provides the same type of information found in the government-wide financial statements but in more detail.

The total increase in net position for the enterprise fund was \$10,174.

#### General Fund Budgetary Highlights

The following information is presented to assist the reader in comparing actual results with budgetary amounts:

- General fund revenues were \$685,716 lower than budgeted amounts, and expenditures were \$531,446 lower than budgeted amounts.
- Additional information on budgetary comparisons between the final budget and actual results can be found on page 30 of this report.

#### Capital Assets and Debt Administration

**Capital assets.** The Village's investment in capital assets for its governmental and business-type activities at September 30, 2023, amounts to \$7,350,037.

**Village of Virginia Gardens, Florida  
Management's Discussion and Analysis  
September 30, 2023**

The table below summarizes the capital assets of the Village:

<b>Village of Virginia Gardens, Florida</b>								
<b>Capital Assets</b>								
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>		<u>Amount Change</u>	<u>% Change</u>
	September 30,		September 30,		September 30,			
	2023	2022	2023	2022	2023	2022		
Land	\$ 77,311	\$ 77,311	\$ -	\$ -	\$ 77,311	\$ 77,311	\$ -	-
Construction in progress	2,713,238	150,698	-	-	2,713,238	150,698	2,562,540	1,700.4
Buildings and improvements	2,780,816	2,748,188	-	-	2,780,816	2,748,188	32,628	1.2
Transportation equipment	980,257	668,881	57,486	57,486	1,037,743	726,367	311,376	42.9
Machinery and equipment	1,179,207	1,137,852	100,183	100,183	1,279,390	1,238,035	41,355	3.3
Infrastructure	4,150,631	4,150,631	-	-	4,150,631	4,150,631	-	-
Water systems	-	-	792,911	792,911	792,911	792,911	-	-
Total	11,881,460	8,933,561	950,580	950,580	12,832,040	9,884,141	2,947,899	29.8
Accumulated depreciation	(4,627,209)	(4,309,709)	(854,794)	(841,502)	(5,482,003)	(5,151,211)	(330,792)	(6.4)
	<u>\$ 7,254,251</u>	<u>\$ 4,623,852</u>	<u>\$ 95,786</u>	<u>\$ 109,078</u>	<u>\$ 7,350,037</u>	<u>\$ 4,732,930</u>	<u>\$ 2,617,107</u>	55.3 %

Additional information on the Village's capital assets can be found in Note 4 on page 25 of this report.

**Long-term obligations.** At year end, the Village had \$166,621 in long-term obligations outstanding versus \$147,751 last year. There was a net increase in compensated absences in the current year of \$18,870. Additional information on the Village's long-term obligations can be found in Note 9 on page 28 of this report.

**Economic Factors and Next Year's Budgets and Rates**

General Fund revenues and expenses are projected at \$3.2 million for the fiscal year ending September 30, 2024. The operating millage rate for the fiscal year ending September 30, 2024 is stated at 4.8500 which is higher than the 2023 millage rate of 4.6000 mills.

**Requests for Information**

This financial report is designed to provide a general overview of the Village's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Maritza Fernandez, Village Clerk, Village of Virginia Gardens, Florida.

**Village of Virginia Gardens, Florida**  
**Government-Wide Statement of Net Position**  
**September 30, 2023**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>Assets</b>			
Cash and cash equivalents	\$ 1,797,466	\$ -	\$ 1,797,466
Receivables, net	38,063	77,286	115,349
Leases receivable	79,643	-	79,643
Due from other governments	538,508	-	538,508
Internal balances	(544,255)	544,255	-
Prepaid items	47,233	-	47,233
Restricted assets – cash and cash equivalents	<u>-</u>	<u>70,815</u>	<u>70,815</u>
Total current assets	1,956,658	692,356	2,649,014
Noncurrent leases receivable	119,429	-	119,429
Capital assets not being depreciated	2,790,549	-	2,790,549
Capital assets, net of accumulated depreciation	<u>4,463,702</u>	<u>95,786</u>	<u>4,559,488</u>
Total assets	<u>9,330,338</u>	<u>788,142</u>	<u>10,118,480</u>
<b>Liabilities</b>			
Accounts payable	135,729	22,589	158,318
Accrued liabilities	11,543	-	11,543
Unearned revenue	1,058,340	-	1,058,340
Due to other governments	-	10,807	10,807
Customer deposits	-	70,815	70,815
Noncurrent liabilities			
Due within one year: Compensated absences	52,903	-	52,903
Due in more than one year: Compensated absences	<u>113,718</u>	<u>-</u>	<u>113,718</u>
Total liabilities	<u>1,372,233</u>	<u>104,211</u>	<u>1,476,444</u>
<b>Deferred Inflows</b>			
Deferred inflows related to leases	<u>192,690</u>	<u>-</u>	<u>192,690</u>
<b>Net Position</b>			
Investment in capital assets	7,254,251	95,786	7,350,037
Restricted for transportation	666,862	-	666,862
Unrestricted (deficit)	<u>(155,698)</u>	<u>588,145</u>	<u>432,447</u>
Total net position	<u>\$ 7,765,415</u>	<u>\$ 683,931</u>	<u>\$ 8,449,346</u>

The Notes to Basic Financial Statements are an integral part of this statement.



**Village of Virginia Gardens, Florida**  
**Balance Sheet and Reconciliation of the Balance Sheet to the**  
**Government-Wide Statement of Net Position**  
**September 30, 2023**

	<u>Major Funds</u>		
	<u>General</u>	<u>Public Works</u>	<u>Total</u>
	<u>Fund</u>	<u>Special</u>	<u>Governmental</u>
		<u>Revenue</u>	<u>Funds</u>
		<u>Fund</u>	
<b>Assets</b>			
Cash and cash equivalents	\$ 1,797,466	\$ -	\$ 1,797,466
Receivables	38,063	-	38,063
Leases receivable	199,072	-	199,072
Due from other governments	23,873	514,635	538,508
Due from other funds	-	441,482	441,482
Prepaid items	<u>47,233</u>	<u>-</u>	<u>47,233</u>
Total assets	<u>\$ 2,105,707</u>	<u>\$ 956,117</u>	<u>\$ 3,061,824</u>
 <b>Liabilities, deferred inflows, and fund balances</b>			
<b>Liabilities</b>			
Accounts payable	\$ 54,521	\$ 81,208	\$ 135,729
Accrued liabilities	11,543	-	11,543
Unearned revenue	1,058,340	-	1,058,340
Due to other funds	<u>777,690</u>	<u>208,047</u>	<u>985,737</u>
Total liabilities	<u>1,902,094</u>	<u>289,255</u>	<u>2,191,349</u>
 <b>Deferred inflows</b>			
Leases	192,690	-	192,690
Unavailable revenue	<u>-</u>	<u>500,000</u>	<u>500,000</u>
Total deferred inflows	<u>192,690</u>	<u>500,000</u>	<u>692,690</u>
 <b>Fund balances</b>			
Nonspendable	47,233	-	47,233
Restricted	-	166,862	166,862
Unassigned	<u>(36,310)</u>	<u>-</u>	<u>(36,310)</u>
Total fund balances	<u>10,923</u>	<u>166,862</u>	<u>177,785</u>
 Total liabilities, deferred inflows, and fund balances	 <u>\$ 2,105,707</u>	 <u>\$ 956,117</u>	 <u>\$ 3,061,824</u>
 <b>Reconciliation of the balance sheet of governmental funds to the statement of net position</b>			
Total fund balance - total governmental funds			\$ 177,785
Amounts reported for governmental activities in the statement of net position are different because:			
• Capital assets of \$11,881,460, net of accumulated depreciation of \$4,627,209, are not financial resources and, therefore, are not reported in the funds.			7,254,251
• Compensated absences do not require the use of current financial resources and are not reported as expenditures in the governmental funds.			(166,621)
• Other long-term assets that are not available to pay for current period expenditures and, therefore, are either deferred or not reported in the funds			<u>500,000</u>
Net position of governmental activities			<u>\$ 7,765,415</u>

The Notes to Basic Financial Statements are an integral part of this statement.

**Village of Virginia Gardens, Florida**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances and**  
**Reconciliation of Statement of Revenues, Expenses, and Changes in Fund Balances**  
**to the Government-Wide Statements of Activities**  
**September 30, 2023**

	<u>Major Funds</u>		<u>Total Governmental Funds</u>
	<u>General Fund</u>	<u>Public Works Special Revenue Fund</u>	
<b>Revenues</b>			
Property taxes	\$ 1,518,532	\$ -	\$ 1,518,532
Utility taxes and franchise fees	563,005	-	563,005
Charges for services	1,355,159	-	1,355,159
Intergovernmental	640,772	2,316,005	2,956,777
Licenses, permits, and fees	147,004	-	147,004
Fines and forfeitures	7,070	-	7,070
Miscellaneous	58,162	-	58,162
Total revenues	<u>4,289,704</u>	<u>2,316,005</u>	<u>6,605,709</u>
<b>Expenditures</b>			
Current operating			
General government	938,432	-	938,432
Public safety	2,074,496	-	2,074,496
Physical environment	198,209	-	198,209
Transportation	-	147,371	147,371
Human services	11,408	-	11,408
Culture and recreation	213,467	-	213,467
Capital outlay	453,596	2,562,540	3,016,136
Total expenditures	<u>3,889,608</u>	<u>2,709,911</u>	<u>6,599,519</u>
Excess (deficiency) of revenues over expenditures	<u>400,096</u>	<u>(393,906)</u>	<u>6,190</u>
<b>Other financing sources (uses)</b>			
Proceeds from sale of capital assets	22,250	-	22,250
Interfund transfers in	-	550,600	550,600
Interfund transfers out	(550,600)	-	(550,600)
Total other financing sources (uses)	<u>(528,350)</u>	<u>550,600</u>	<u>22,250</u>
Net change in fund balances	(128,254)	156,694	28,440
<b>Fund balances</b>			
Beginning of year	<u>139,177</u>	<u>10,168</u>	<u>149,345</u>
End of year	<u>\$ 10,923</u>	<u>\$ 166,862</u>	<u>\$ 177,785</u>
<b>Reconciliation of the statement of revenues, expenditures, and changes in fund balances of governmental funds to the statement of activities</b>			
Net change in fund balances - total governmental funds			\$ 28,440
Amounts reported for governmental activities in the statement of activities are different because:			
• Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays of \$3,016,136 exceeded depreciation of \$379,432 in the current period.			2,636,704
• Gain on disposal of capital assets increases net position in the statement of activities, but does not appear in the governmental funds because it is not a gain of financial resources			15,945
• Change in compensated absences.			(18,870)
• Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in funds - earned but unavailable intergovernmental revenues			<u>500,000</u>
Change in net position of governmental activities			<u>\$ 3,139,969</u>

The Notes to Basic Financial Statements are an integral part of this statement.

**Village of Virginia Gardens, Florida**  
**Statement of Net Position**  
**Proprietary Fund**  
**September 30, 2023**

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	<b>Business-Type Activity</b>
	<b>Water Fund</b>
<b>Assets</b>	
Current assets	
Receivables, net	\$ 77,286
Due from other funds	544,255
Restricted assets – customer deposits	<u>70,815</u>
Total current assets	692,356
Capital assets, net	<u>95,786</u>
Total assets	<u>788,142</u>
<b>Liabilities</b>	
Current liabilities	
Accounts payable	22,589
Due to other governments	10,807
Payable from restricted assets – customer deposits	<u>70,815</u>
Total current liabilities	<u>104,211</u>
<b>Net position</b>	
Investment in capital assets	95,786
Unrestricted	<u>588,145</u>
Total net position	<u>\$ 683,931</u>

The Notes to Basic Financial Statements are an integral part of this statement.

**Village of Virginia Gardens, Florida**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
**Proprietary Fund**  
**Year Ended September 30, 2023**

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	<b>Business-Type Activity</b>
	<b>Water Fund</b>
<b>Operating revenues</b>	
User charges	\$ 346,992
Service and hook-up charges	14,802
Miscellaneous	<u>17,733</u>
Total operating revenues	<u>379,527</u>
<b>Operating expenses</b>	
Salaries, wages, and employee benefits	131,845
Contractual services, materials, and supplies	224,216
Depreciation	<u>13,292</u>
Total operating expenses	<u>369,353</u>
Operating income	10,174
<b>Net position</b>	
Beginning of year	<u>673,757</u>
End of year	<u>\$ 683,931</u>

The Notes to Basic Financial Statements are an integral part of this statement.

**Village of Virginia Gardens, Florida**  
**Statement of Cash Flows**  
**Proprietary Fund**  
**Year Ended September 30, 2023**

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	<b>Business-Type Activity</b>
	<b>Water Fund</b>
<b>Operating activities</b>	
Receipts from customers and users	\$ 373,687
Payments to suppliers	(205,037)
Payments to employees	(131,845)
Net cash provided by operating activities	<u>36,805</u>
<b>Noncapital financing activities</b>	
Transfers from other funds	(36,505)
Net cash used in noncapital financing activities	<u>(36,505)</u>
Net change in cash and cash equivalents	300
<b>Cash and cash equivalents</b>	
Beginning of year, including \$70,515 reported as restricted assets	<u>70,515</u>
End of year, including \$70,815 reported as restricted assets	<u>\$ 70,815</u>
<b>Reconciliation of operating income to net cash provided by operating activities</b>	
Operating income	\$ 10,174
Adjustments to reconcile operating income to net cash used in operating activities	
Depreciation	13,292
Changes in	
Receivables	(6,140)
Due from or to other governments	18,084
Accounts payable	1,095
Customer deposits	300
Net cash provided by operating activities	<u>\$ 36,805</u>

The Notes to Basic Financial Statements are an integral part of this statement.

# Village of Virginia Gardens, Florida

## Notes to Basic Financial Statements

### September 30, 2023

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#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### **Nature of Operations**

The Village of Virginia Gardens, Florida (the “Village” or the “government”) was incorporated in 1953 under Chapter 29576 of the laws of Florida. The Village operates under a Council-Mayor form of government and provides the following services as authorized by its charter: public safety, highways and streets, sanitation, health and social services, culture, recreation, public works, improvements, planning and zoning, and general administrative services.

The Village complies with accounting principles generally accepted in the United States of America (“U.S. GAAP”). The Village’s reporting entity applies all relevant Governmental Accounting Standards Board (“GASB”) pronouncements. The accounting and reporting framework and the more significant accounting principles are discussed in subsequent sections of this note. The remainder of the notes is organized to provide explanations, including required disclosures, of the Village’s financial activities for the fiscal year ended September 30, 2023.

##### **Financial Reporting Entity**

The Village is a Florida municipal corporation with a five-member Village Council which acts as the legislative branch and a Mayor who is the chief executive officer of the Village. As required by U.S. GAAP, these financial statements present the Village (the primary government). Using applicable GASB criteria, management has determined that the Village has no component units.

##### **Reporting Model**

GASB Statement No. 34 “Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments” allows small governments to elect not to retroactively record infrastructure. Management has decided not to retroactively implement the recording of infrastructure assets.

##### **Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely, to a significant extent, on fees and charges for support.

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds, while business-type activities incorporate data from the Village enterprise funds. Separate financial statements are provided for governmental funds and one proprietary fund, even though the latter is excluded from the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided, and other charges between the Village water functions and various other functions of the Village. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

The fund financial statements provide information about the Village’s funds. Separate statements for each fund category - governmental and proprietary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements, and the Village does not have any other funds that are not considered to be major in the current fiscal year.

**Village of Virginia Gardens, Florida**  
**Notes to Basic Financial Statements**  
**September 30, 2023**

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**Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of the recognition in the financial statements of various kinds of transactions or events. The government-wide financial statements are reported using the economic resources measurement focus and the *accrual basis of accounting*, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the *modified accrual basis of accounting*. Revenues are recognized when they have been earned and they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when liabilities are incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payments are due. General capital asset acquisitions are reported as expenditures in governmental funds.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenues are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

The *general fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

*Special revenue funds* are used to account for the proceeds of a specific revenue source that is legally restricted to expenditures for specific purposes. The Village uses these funds to account for the activities of the public works fund.

The *public works fund* accounts for funds received under Chapters 336.021(1)(a) and 206.605(3), Florida Statutes, which are to be expended for establishment, purchase, and maintenance of transportation systems and facilities and road and street rights of way. The public works fund is also used to account for transit expenditures related to the Miami-Dade County Citizen's Independent Transportation Trust.

The government reports the following major proprietary fund:

The *water fund* accounts for the activities of the Village's water services.

Amounts reported as *program revenues* include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

**Village of Virginia Gardens, Florida**  
**Notes to Basic Financial Statements**  
**September 30, 2023**

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Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund's principal ongoing operations. The principal operating revenues of the water fund are charges to customers for sales and services. The Village also recognizes as operating revenues the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for the enterprise fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Village's policy to use restricted resources first, then unrestricted resources as they are needed.

**Assets, Liabilities, and Net Position or Equity**

**(1) Deposits – Cash and Cash Equivalents**

Florida Statutes provide for risk sharing collateral pools by banks and savings and loan associations. These collateral pools collateralize local government deposits and certificates of deposit with the participating depositories. The Village's demand deposits, and certificates of deposit are placed in such authorized depositories.

Custodial credit risk for deposits is the risk that in the event of a bank failure, the Village's deposits may not be returned, or the Village will not be able to recover collateral securities in the possession of an outside party. At September 30, 2023, the carrying amount of the Village's deposits was \$1,868,281, and the bank balances of the Village's deposits were \$2,015,567. Bank balances were covered by certain levels of federal deposit insurance and the remainder was covered by pledged collateral as required by Florida Statutes. All collateral is pledged in the Village's name and is held by a third-party financial institution.

Highly liquid financial instruments with an original maturity of three months or less at the time they are purchased by the Village are considered to be cash equivalents.

**(2) Village of Virginia Gardens' Investment Policies**

(a) Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation.

Investing is performed in accordance with investing policies prescribed by State Statutes, Village Charter, and Village Policies. Funds may be invested in (1) direct obligations of the United States Government, its agencies, or instrumentalities to the payment of which the full faith and credit of the government of the United States is pledged, (2) Florida State Board of Administration local government surplus funds trust fund, and (3) collateralized or insured certificates of deposit and other evidence of deposits in financial institutions.

All of the Village's nonpension investments are certificates of deposit in regional or national financial institutions.

(b) Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The Village's policy provides that to the extent practical investments are to be matched to cash flow requirements. The Village manages interest rate risks by purchasing certificates of deposit with maturities of 180 days or less. Concentration of credit risk is the risk of loss attributed to the magnitude of the Village's investments in a single issuer.

**Village of Virginia Gardens, Florida**  
**Notes to Basic Financial Statements**  
**September 30, 2023**

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**(3) Receivables and Payables**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to or from other funds” (i.e., the current portion of interfund loans) or “advances to or from other funds” (i.e., the noncurrent portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.” See Note 12 for details of interfund transactions and balances, including receivables and payables, at September 30, 2023.

Management has determined that no allowance for bad debt is required for the general fund receivables.

Management evaluates the collectability of its user charges receivable in the water fund based on a combination of factors, including analysis of historical trends, aging of receivables, write-off experience, amounts held as deposit, and identification of specific accounts known as collection problems. The results of the evaluation are used to estimate the allowance amount, which management determined to be \$22,085 at September 30, 2023. An account is charged off when management determines a customer’s inability to meet their financial obligations. This will occur after the water is shut off and the deposit is forfeited. There was no bad debt expense for the year ended September 30, 2023.

**(4) Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

**(5) Capital Assets**

Capital assets, which include land, buildings and improvements, transportation equipment, machinery and equipment, infrastructure, and water systems, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

The costs of ordinary maintenance and repairs that do not add to the value of the assets or materially extend the assets’ lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Land and construction in progress are not depreciated.

Capital assets of the primary government are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Buildings and improvements	7 – 40 years	N/A
Transportation equipment	3 – 7 years	5 years
Machinery and equipment	7 – 10 years	5 – 10 years
Infrastructure	25 years	N/A
Water systems	N/A	50 years

**Village of Virginia Gardens, Florida**  
**Notes to Basic Financial Statements**  
**September 30, 2023**

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**(6) Unearned Revenue**

In the governmental funds unearned revenue includes amounts collected before the revenue recognition criteria are met and receivables that, under the modified accrual basis of accounting, are measurable but not yet earned. Unearned revenue will be recognized as revenue in the fiscal year they are earned. Unearned revenue in the general fund represents business tax revenue received for the next fiscal year, unearned franchise fees, and grant awards received prior to September 30, 2023 related to the American Rescue Plan Act totaling \$272,444. Revenue from this grant award will be recognized as the funds are spent on infrastructure projects in future fiscal years. Unearned revenue is also reported in the government-wide financial statements.

**(7) Deferred Inflows of Resources**

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. The amounts are deferred and recognized as an inflow of resources in the period that amounts become available. The deferred inflows related to lease revenue will be recognized monthly over the terms of the respective leases. The unavailable revenues will be recognized in the period in which those revenues meet the availability period as described above.

**(8) Compensated Absences**

The policy of the Village is to allow vesting of employee leave benefits with the right to receive compensation under certain conditions. The liability for such leave is reported as incurred in the government-wide and proprietary fund financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable.

**(9) Net Position**

For government-wide reporting as well as in proprietary funds, the difference between assets less liabilities is called net position. Net position is comprised of three components: net investment in capital assets, restricted, and unrestricted.

- *Net investment in capital assets* consists of capital assets, net of accumulated depreciation/amortization and reduced by outstanding balances of bonds, notes, and other debt that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.
- *Restricted* net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use either by external parties or by law through constitutional provision or enabling legislation.
- *Unrestricted* net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that does not meet the definition of the two preceding categories.

Sometimes the Village will fund outlays for a particular purpose from both restricted (e.g. restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Village's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

**Village of Virginia Gardens, Florida**  
**Notes to Basic Financial Statements**  
**September 30, 2023**

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**(10) Fund Balances – Governmental Funds**

As of September 30, 2023, fund balances of the governmental funds are classified as follows:

- Nonspendable fund balance – amounts that cannot be spent because of their nature (such as prepaid items) or are required to be maintained intact.
- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors and higher levels of government), through constitutional provisions, or by enabling legislation.
- Committed fund balance – amounts constrained to specific purposes by the Village itself, using its highest level of decision-making authority (i.e., Village Council). To be reported as committed, amounts cannot be used for any other purpose unless the Village takes the same highest-level action to remove or change the constraint. The Village Council establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives).
- Assigned fund balance – amounts the Village intends to use for a specific purpose. Intent can be expressed by the Village Council or by an official or body to which the Village Council delegates the authority. Assigned fund balance is established by Village Council through adoption or amendment of the budget as intended for a specific purpose (such as the purchase of fixed assets, construction, debt service, or for other purposes).
- Unassigned fund balance – amounts that are available for any purpose. Positive amounts are reported only in the general fund.

In the general fund, the Village strives to maintain an unassigned fund balance to be used for unanticipated emergencies of approximately 25% of the actual U.S. GAAP basis expenditures and other financing sources and uses.

**Stewardship, Compliance, and Accountability**

Budgetary Information – The following procedures are used by the Village in legally adopting the budget for the general fund:

Legally Adopted Appropriated Budgets:

- Prior to August 1, the Mayor submits to the Village Council a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
- Public hearings are held to obtain taxpayer comments.
- Prior to October 1, the budget is legally enacted through the passage of an ordinance.
- The Mayor is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the Village Council.
- The budgets for the general fund and the public works fund are adopted on a basis consistent with U.S. GAAP.

**Village of Virginia Gardens, Florida**  
**Notes to Basic Financial Statements**  
**September 30, 2023**

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There are no encumbrances outstanding at year end. All outstanding purchase orders are canceled, and appropriations lapse at that time. Therefore, the Village did not report any fund balances reserved for encumbrances at year end.

The appropriated budget is prepared by fund, function, and department. The government's department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the Village Council. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the fund level. For the year ended September 30, 2023, actual expenditures were lower than the final budgeted amounts by \$531,446 in the General Fund.

Legally Authorized Nonappropriated Budget:

- A legally authorized nonappropriated budget is prepared for the enterprise fund. The Mayor is authorized to transfer budget amounts between line items of the authorized budget.

**Estimates**

The preparation of basic financial statements in accordance with the bases of accounting described in the previous paragraphs, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets or liabilities at the date of the basic financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

**Subsequent Events**

The Village has evaluated subsequent events through September 19, 2024, the date which the financial statements were available to be issued. Based upon this evaluation, the Village has determined that no subsequent events have occurred which would require disclosure in the financial statements.

**Village of Virginia Gardens, Florida**  
**Notes to Basic Financial Statements**  
**September 30, 2023**

**2. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents at September 30, consist of the following:

	Governmental Fund Types		Proprietary Fund Type	Total All Funds	Financial Institution Balance
	General Fund	Special Revenue Funds	Enterprise Fund		
Cash and cash equivalents					
Unrestricted					
Demand deposits	\$ 1,797,466	\$ -	\$ -	\$ 1,797,466	\$ 1,966,257
Restricted					
Demand deposits	-	-	70,815 <sup>(1)</sup>	70,815	49,310
Total cash and cash equivalents	<u>\$ 1,797,466</u>	<u>\$ -</u>	<u>\$ 70,815</u>	<u>\$ 1,868,281</u>	<u>\$ 2,015,567</u>

<sup>(1)</sup> Restricted for customer utility deposits

**3. RECEIVABLES AND DUE FROM OTHER GOVERNMENTS**

Receivables and due from other governments consist of the following at September 30:

	General Fund	Water Fund	Public Works Fund	Total
Receivables				
Utility taxes	\$ 30,561	\$ -	\$ -	\$ 30,561
Franchise fees	-	-	-	-
User charges	-	99,238	-	99,238
Other	7,502	133	-	7,635
Total receivables	38,063	99,371	-	137,434
Less: Allowance for doubtful accounts	-	(22,085)	-	(22,085)
Total receivables, net	<u>\$ 38,063</u>	<u>\$ 77,286</u>	<u>\$ -</u>	<u>\$ 115,349</u>
Due from other governments				
Miami-Dade County	\$ -	\$ -	\$ 14,635	\$ 14,635
State of Florida	23,873	-	500,000	523,873
Total due from other governments	<u>\$ 23,873</u>	<u>\$ -</u>	<u>\$ 514,635</u>	<u>\$ 538,508</u>

**Village of Virginia Gardens, Florida**  
**Notes to Basic Financial Statements**  
**September 30, 2023**

**4. CAPITAL ASSETS**

Capital asset activity for the year ended September 30, was as follows:

	<b>Balance, October 1, 2022</b>	<b>Additions</b>	<b>Deletions</b>	<b>Transfers</b>	<b>Balance, September 30, 2023</b>
<b>Governmental activities</b>					
Capital assets not being depreciated					
Land	\$ 77,311	\$ -	\$ -	\$ -	\$ 77,311
Construction in progress	150,698	2,562,540	-	-	2,713,238
Total capital assets not being depreciated	<u>228,009</u>	<u>2,562,540</u>	<u>-</u>	<u>-</u>	<u>2,790,549</u>
Capital assets being depreciated					
Buildings and improvements	2,748,188	32,628	-	-	2,780,816
Transportation equipment	668,881	349,401	(38,025)	-	980,257
Machinery and equipment	1,137,852	71,567	(30,212)	-	1,179,207
Infrastructure	4,150,631	-	-	-	4,150,631
Total capital assets being depreciated	<u>8,705,552</u>	<u>453,596</u>	<u>(68,237)</u>	<u>-</u>	<u>9,090,911</u>
Accumulated depreciation per capital asset group					
Buildings and improvements	(1,230,491)	(92,281)	-	-	(1,322,772)
Transportation equipment	(550,539)	(73,725)	38,026	-	(586,238)
Machinery and equipment	(932,690)	(47,401)	23,906	-	(956,185)
Infrastructure	(1,595,989)	(166,025)	-	-	(1,762,014)
Total accumulated depreciation per capital asset group	<u>(4,309,709)</u>	<u>(379,432)</u>	<u>61,932</u>	<u>-</u>	<u>(4,627,209)</u>
Capital assets being depreciated, net	<u>4,395,843</u>	<u>74,164</u>	<u>(6,305)</u>	<u>-</u>	<u>4,463,702</u>
Governmental activities – capital assets, net	<u>\$ 4,623,852</u>	<u>\$ 2,636,704</u>	<u>\$ (6,305)</u>	<u>\$ -</u>	<u>\$ 7,254,251</u>
	<b>Balance, October 1, 2022</b>	<b>Additions</b>	<b>Deletions</b>	<b>Transfers</b>	<b>Balance, September 30, 2023</b>
<b>Business-type activities</b>					
Capital assets being depreciated					
Water systems	\$ 792,911	\$ -	\$ -	\$ -	\$ 792,911
Transportation equipment	57,486	-	-	-	57,486
Machinery and equipment	100,183	-	-	-	100,183
Total capital assets being depreciated	<u>950,580</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>950,580</u>
Accumulated depreciation per capital asset group					
Water systems	(691,350)	(11,037)	-	-	(702,387)
Transportation equipment	(57,486)	-	-	-	(57,486)
Machinery and equipment	(92,666)	(2,255)	-	-	(94,921)
Total accumulated depreciation per capital asset group	<u>(841,502)</u>	<u>(13,292)</u>	<u>-</u>	<u>-</u>	<u>(854,794)</u>
Capital assets being depreciated, net	<u>109,078</u>	<u>(13,292)</u>	<u>-</u>	<u>-</u>	<u>95,786</u>
Business-type activities – capital assets, net	<u>\$ 109,078</u>	<u>\$ (13,292)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 95,786</u>

**Village of Virginia Gardens, Florida**  
**Notes to Basic Financial Statements**  
**September 30, 2023**

Depreciation expense was charged to functions of the primary government for the year ended September 30, as follows:

General government	\$ 58,849
Public safety	107,509
Physical environment	166,025
Human services	2,706
Culture and recreation	44,343
	<u>\$ 379,432</u>

**5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

Accounts payable and accrued liabilities consist of the following at September 30:

	<u>Governmental Activities</u>			<u>Business-Type Activities</u>	
	<u>General Fund</u>	<u>Public Works Fund</u>	<u>Total Governmental</u>	<u>Enterprise Fund</u>	<u>Government-Wide</u>
Accounts payable					
Vendors	\$ 54,521	\$ 81,208	\$ 135,729	\$ -	\$ 135,729
DERM taxes	-	-	-	22,589	22,589
	<u>\$ 54,521</u>	<u>\$ 81,208</u>	<u>\$ 135,729</u>	<u>\$ 22,589</u>	<u>\$ 158,318</u>
Accrued liabilities					
Salaries and benefits	\$ 11,543	-	\$ 11,543	-	\$ 11,543

**6. PROPERTY TAX REVENUES**

Under Florida law, the assessment of all properties and the collection of county, municipal, special district and school board property taxes are consolidated in the offices of the County Property Appraiser and County Tax Collector. The laws of the State regulating tax assessments are also designed to assure a consistent property valuation method statewide. Florida Statutes permit municipalities to levy property taxes at a rate of up to 10 mills. The Village levied a combined millage rate of \$4.6000 and \$4.9000 per \$1,000 of assessed value for the fiscal years 2023 and 2022, respectively.

All real and tangible personal property taxes are due and payable on the levy date of November 1 of each year, or as soon thereafter as the assessment roll is certified by the Miami-Dade County Property Appraiser. Miami-Dade County mails to each property owner on the assessment roll a notice of the taxes due and the County also collects the taxes for the Village. Taxes may be paid upon the receipt of such notice from the County, with discounts at the rate of four percent (4%) if paid in the month of November and reduces one percent (1%) per month through February. Taxes paid in March are without discount and all unpaid taxes on real and tangible property become delinquent on April 1 of the year following the year in which the taxes were assessed. Procedures for collecting delinquent taxes, including applicable tax certificate sales, are provided for by the laws of Florida. The Village recognizes ad valorem revenues in the fiscal year during which they are levied, to the extent collected within 60 days after year-end.

**Village of Virginia Gardens, Florida**  
**Notes to Basic Financial Statements**  
**September 30, 2023**

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**7. EMPLOYEE BENEFIT PLANS**

**A. Money Purchase Pension Plan**

The Village participates in a single employer defined contribution money purchase pension plan for full-time police officers and certain Village administrative personnel. The benefits to be received by a participant are based solely on the amount contributed to the participant's account, the returns earned on the investment of those contributions, and forfeitures of nonvested terminated participants' accounts that may be allocated to remaining participants.

Since this plan qualifies as a defined contribution plan which is administered in its entirety under a pool arrangement by ICMA Retirement Corporation (a private sector plan administrator), the assets, liabilities, fund balances, and operations are not recorded within these basic financial statements.

**Funding Provisions** – Employees are required to contribute 5% of their compensation subject to certain limitations. The Village contributes an amount equal to 8% of participating employees' compensation. Total contributions were \$44,078 and \$35,748 for the Village and participants, respectively. All 12 eligible employees were participating in the plan.

Plan provisions and contribution requirements are established and may be amended by the Village Council.

**Vesting Provisions of Village's Contributions** – An employee who leaves the employment of the Village is entitled to all of his or her contributions and a portion of the Village's contributions as follows:

<u>Years of Service</u>	<u>Percentage of Balance Vested</u>
0 years but less than 3	0%
3 years but less than 4	25%
4 years but less than 5	50%
5 years or more	100%

**B. Deferred Compensation Plan**

The Village offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all Village employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseen non-reimbursed emergency. The plan assets have been placed in a trust with a third-party trustee and, as such, are not recorded in the basic financial statements.

**Village of Virginia Gardens, Florida**  
**Notes to Basic Financial Statements**  
**September 30, 2023**

**8. OPERATING LEASES AS LESSOR**

The Village leases land that is used for cellular phone towers under two operating leases. The leases are automatically renewed for additional five-year terms, the lessees have the right to terminate their respective leases upon the annual anniversary of the lease commencement date. The current terms expire during fiscal year 2026. Total leases receivable and deferred inflows for these leases was \$199,072 at September 30, 2023.

For the fiscal year ended September 30, 2023, the Village received \$85,632 in rental income, including \$12,746 in interest income, under these agreements. The amount of minimum rentals to be received is as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 79,643	\$ 8,557	\$ 88,200
2025	86,843	3,985	90,828
2026	<u>32,586</u>	<u>548</u>	<u>33,134</u>
	<u>\$ 199,072</u>	<u>\$ 13,090</u>	<u>\$ 212,162</u>

The discount rate of the lease receivable is based upon the Village's estimated borrowing rate of 5.5%.

**9. LONG-TERM OBLIGATIONS**

**Governmental Fund Type Long-Term Obligations**

Changes in governmental fund type long-term obligations for the year ended September 30, were as follows:

	<u>Balance, October 1, 2022</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance, September 30, 2023</u>	<u>Due Within One year</u>
Compensated absences	\$ 147,751	\$ 59,778	\$ (40,908)	\$ 166,621	\$ 52,903

**Disclosure of Legal Debt Margin**

The Village has no legal debt margin requirements set forth by either State Statute or Village ordinance.

**10. RISK MANAGEMENT**

The Village is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Village has obtained insurance from commercial underwriters for all the aforementioned risks, including workers' compensation for the year ended September 30, 2023.

The Village has not paid any settlements in excess of insurance coverage for each of the past three years. Furthermore, the Village has no significant reduction in insurance coverage from the prior year.

**11. COMMITMENTS, CONTINGENCIES, AND SUBSEQUENT EVENTS**

**A. Litigation**

During the ordinary course of its operations, the Village is party to various claims, legal actions, and complaints. Some of these matters are covered by the Village's insurance program. Those which are not covered are handled by various law firms retained by the Village. Management does not believe that any such matters would have a material impact on the Village's basic financial statements.

**Village of Virginia Gardens, Florida**  
**Notes to Basic Financial Statements**  
**September 30, 2023**

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B. Grant Expenditures

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although management expects such amounts, if any, to be immaterial.

C. Annexation

The Village is currently pursuing the annexation of additional lands which it believes will assist in the long-term growth by an increased tax base and job creation but will cost the Village additional monies for public safety and other services.

**12. OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES**

U.S. GAAP requires disclosure, as part of the basic financial statements, of certain information concerning individual funds including:

A. Interfund Transactions and Balances

Individual fund interfund receivable and payable balances at September 30, were:

Fund	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Governmental funds		
General fund	\$ -	\$ 777,690
Public works fund	441,482	208,047
Enterprise fund – water fund	<u>544,255</u>	<u>-</u>
	<u>\$ 985,737</u>	<u>\$ 985,737</u>

The general fund collects revenues and pays expenditures/expenses for the water fund and the public works fund. These interfund accounts arise as a result of this net activity.

B. Fund Balances

The Village's fund balances are as follows at September 30:

	<u>General Fund</u>	<u>Public Works Fund</u>	<u>Total</u>
Nonspendable			
Prepays	\$ 47,233	\$ -	\$ 47,233
Restricted			
Transportation	-	666,862	666,862
Unassigned	<u>(36,310)</u>	<u>-</u>	<u>(36,310)</u>
Total fund balances	<u>\$ 10,923</u>	<u>\$ 666,862</u>	<u>\$ 677,785</u>



**REQUIRED SUPPLEMENTARY INFORMATION**

**Village of Virginia Gardens, Florida**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances –**  
**Budget and Actual – Governmental Funds**  
**Year Ended September 30, 2023**

	General Fund					Public Works Fund				
	Original Budget	Budget Amendments	Final Budget	Actual	Variance	Original Budget	Budget Amendments	Final Budget	Actual	Variance
<b>Revenues</b>										
Ad valorem taxes	\$ 1,657,778	\$ (139,000)	\$ 1,518,778	\$ 1,518,532	\$ (246)	\$ -	\$ -	\$ -	\$ -	\$ -
Utility taxes and franchise fees	499,616	757,400	1,257,016	563,005	(694,011)	-	-	-	-	-
Charges for services	359,621	1,001,696	1,361,317	1,355,159	(6,158)	-	-	-	-	-
Intergovernmental	286,839	330,700	617,539	640,772	23,233	3,419,648	-	3,419,648	2,316,005	(1,103,643)
Licenses, permits, and fees	116,250	29,880	146,130	147,004	874	-	-	-	-	-
Fines and forfeitures	4,500	2,530	7,030	7,070	40	-	-	-	-	-
Miscellaneous	3,000	64,610	67,610	58,162	(9,448)	-	-	-	-	-
Total revenues	<u>2,927,604</u>	<u>2,047,816</u>	<u>4,975,420</u>	<u>4,289,704</u>	<u>(685,716)</u>	<u>3,419,648</u>	<u>-</u>	<u>3,419,648</u>	<u>2,316,005</u>	<u>(1,103,643)</u>
<b>Expenditures</b>										
Current operating										
General government	858,394	279,976	1,138,370	938,432	199,938	-	-	-	-	-
Public safety	1,505,582	954,667	2,460,249	2,074,496	385,753	-	-	-	-	-
Physical environment	214,888	(34,450)	180,438	198,209	(17,771)	-	-	-	-	-
Transportation	-	-	-	-	-	204,648	-	204,648	147,371	57,277
Human services	56,603	(47,043)	9,560	11,408	(1,848)	-	-	-	-	-
Culture and recreation	211,537	3,100	214,637	213,467	1,170	-	-	-	-	-
Capital outlay	80,600	337,200	417,800	453,596	(35,796)	3,215,000	-	3,215,000	2,562,540	652,460
Total expenditures	<u>2,927,604</u>	<u>1,493,450</u>	<u>4,421,054</u>	<u>3,889,608</u>	<u>531,446</u>	<u>3,419,648</u>	<u>-</u>	<u>3,419,648</u>	<u>2,709,911</u>	<u>709,737</u>
Excess of revenues over expenditures	<u>-</u>	<u>554,366</u>	<u>554,366</u>	<u>400,096</u>	<u>(154,270)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(393,906)</u>	<u>(393,906)</u>
<b>Other financing sources (uses)</b>										
Proceeds from sale of capital assets	-	-	22,250	22,250	-	-	-	-	-	-
Interfund transfers	-	(550,600)	(550,600)	(550,600)	-	-	-	-	550,600	550,600
Total other financing sources (uses)	<u>-</u>	<u>(550,600)</u>	<u>(528,350)</u>	<u>(528,350)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>550,600</u>	<u>550,600</u>
<b>Fund balances</b>										
Beginning of year	139,177	-	139,177	139,177	-	10,168	-	10,168	10,168	-
End of year	<u>\$ 139,177</u>	<u>\$ 3,766</u>	<u>\$ 165,193</u>	<u>\$ 10,923</u>	<u>\$ (154,270)</u>	<u>\$ 10,168</u>	<u>\$ -</u>	<u>\$ 10,168</u>	<u>\$ 166,862</u>	<u>\$ 156,694</u>

See Independent Auditor's Report.



**SUPPLEMENTARY FINANCIAL REPORTS  
COMPLIANCE SECTION**

**Village of Virginia Gardens, Florida**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended September 30, 2023**

<u>Federal Grantor/Pass-through Grants/Program</u>	<u>Assistance Listing Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Amounts Passed Through to Subrecipients</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Treasury</u>				
Coronavirus State and Local Fiscal Recovery Funds passed through State of Florida Division of Emergency Management	21.027	Y5066-FL0311	\$ -	\$ 794,660
Total for U.S. Department of Treasury			-	794,660
<u>U.S. Department of Transportation</u>				
Highway Planning and Construction passed through State of Florida Department of Transportation	20.205	G2588	-	855,502
Total for U.S. Department of Transportation			-	855,502
Total expenditures of federal awards			\$ -	\$ 1,650,162

See Independent Auditor's Report.  
See Accompanying Notes to Schedule of Expenditures of Federal Awards.

**Village of Virginia Gardens, Florida**  
**Notes to Schedule of Expenditures of Federal Awards**  
**Year Ended September 30, 2023**

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**1. BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the Village of Virginia Gardens, Florida (the "Village") under programs of the federal government for the year ended September 30, 2023. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of the Village, it is not intended to, and does not, present the financial position, changes in net assets, or cash flows of the Village.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**3. INDIRECT COST RATE**

The Village does not have a federally negotiated indirect cost rate and has not elected to use the 10% de minimis cost rate.

**4. RECEIVABLE FROM THE STATE OF FLORIDA DEPARTMENT OF TRANSPORTATION**

The Village submits requests for reimbursement to the State of Florida Department of Transportation on a periodic basis. At September 30, 2023, the State of Florida Department of Transportation owed the Village \$500,000 for reimbursements of federal awards.

**5. SUBRECIPIENTS**

There were no federal awards provided to subrecipients.

**Village of Virginia Gardens, Florida**  
**Schedule of Expenditures of State Financial Assistance and Notes to Schedule of**  
**Expenditures of State Financial Assistance**  
**Year Ended September 30, 2023**

<u>State of Florida Department of Environmental Protection</u>	<u>Contract Number</u>	<u>Amounts Passed Through to Subrecipients</u>	<u>Current Year Expenditures</u>
<b>State Funds Subject to Section 215.97, Florida Statute</b>			
<u>State Department of Environmental Protection</u>			
Florida Recreation Development Assistance Program - CSFA 37.017	A1096	\$ -	\$ 50,000
Statewide Water Quality Restoration Projects - CSFA 37.039	0277Y	-	915,000
Total State of Florida Department of Environmental Protection		-	965,000
Total expenditures of state financial assistance		\$ -	\$ 965,000

**1. BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of State Financial Assistance (the "Schedule") includes the state grant activity of the Village of Virginia Gardens, Florida (the "Village") for the year ended September 30, 2023. The information in the Schedule is presented in accordance with the requirements of Chapter 10.650, *Rules of the Auditor General of the State of Florida*. Because the Schedule presents only a selected portion of the operations of the Village, it is not intended to, and does not, present the financial position, changes in net assets, or cash flows of the Village.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Florida Single Audit Act, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**3. SUBRECIPIENTS**

There was no state financial assistance provided to subrecipients.

## **REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

### **INDEPENDENT AUDITOR'S REPORT**

To the Honorable Mayor and Village Council of  
Village of Virginia Gardens, Florida:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of the Village of Virginia Gardens, Florida (the "Village") as of and for the year ended September 30, 2023, and the related notes to financial statements, which collectively comprise the Village's basic financial statements, and have issued our report thereon dated September 19, 2024.

#### **Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Village's internal control over financial reporting ("internal control") as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

#### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Village's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in blue ink that reads "Withum Smith + Brown, PC". The signature is written in a cursive, flowing style.

September 19, 2024

**Village of Virginia Gardens, Florida**  
**Status of Prior Year Recommendations**

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Prior Year Recommendations:

<u>Prior Year Findings</u>	<u>Prior Year Reference Number</u>	<u>Current Year Status</u>	<u>Present in Second Preceding Year Report</u>
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None

## **REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND STATE PROJECT AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND CHAPTER 10.650, RULES OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA**

### **INDEPENDENT AUDITOR'S REPORT**

To the Honorable Mayor and Village Council of  
Village of Virginia Gardens, Florida:

#### **Report on Compliance for Each Major Federal Program and State Project**

##### **Opinion on Each Major Federal Program and State Project**

We have audited the Village of Virginia Gardens (the "Village") compliance with the types of compliance requirements, as described in the *OMB Compliance Supplement* and the requirements described in the Department of Financial Services' *State Projects Compliance Supplement*, that could have a direct and material effect on the Village's major federal programs and state project for the year ended September 30, 2023. The Village's major federal programs and state project are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Village complied, in all material aspects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal programs and state project for the year ended September 30, 2023.

##### **Basis for Opinion on Each Major Federal Program and State Project**

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America ("GAAS"); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States ("*Government Auditing Standards*"); and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"), and Chapter 10.650, *Rules of the Auditor General of the State of Florida*. Our responsibilities under those standards, the Uniform Guidance, and Chapter 10.650, *Rules of the Auditor General of the State of Florida*, are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Village and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program and state project. Our audit does not provide a legal determination of the Village's compliance with the compliance requirements referred to above.

##### **Responsibilities of Management for Compliance**

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Village's federal programs and state project.

### **Auditor's Responsibilities for the Audit of Compliance**

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Village's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance, and Chapter 10.650, *Rules of the Auditor General of the State of Florida* will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Village's compliance with the requirements of the major federal program and state project as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, the audit requirements of the Uniform Guidance, and Chapter 10.650, *Rules of the Auditor General of the State of Florida*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Village's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Village's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and Chapter 10.650, *Rules of the Auditor General of the State of Florida*, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on Internal Control Over Compliance**

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit, we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program or state project on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program or state project will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and Chapter 10.650, *Rules of the Auditor General of the State of Florida*. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in blue ink that reads "Withum Smith + Brown, PC". The signature is written in a cursive, flowing style.

September 19, 2024

## MANAGEMENT LETTER REQUIRED BY SECTION 10.550 OF THE RULES OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA

To the Honorable Mayor and Village Council of  
Village of Virginia Gardens, Florida:

### Report on the Financial Statements

We have audited the financial statements of the Village of Virginia Gardens, Florida (the "Village") as of and for the fiscal year ended September 30, 2023, and have issued our report thereon dated September 19, 2024.

### Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and Chapter 10.550, *Rules of the Auditor General*.

### Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports, which are dated September 19, 2024, should be considered in conjunction with this management letter.

### Prior Audit Findings

Section 10.554(1)(i)1., *Rules of the Auditor General*, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no such findings in the preceding audit report.

### Official Title and Legal Authority

Section 10.554(1)(i)4., *Rules of the Auditor General*, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to financial statements. The information is disclosed in Note 1 to the financial statements. There are no component units related to the Village.

### Financial Condition and Management

Sections 10.554(1)(i)5. a. and 10.556(7), *Rules of the Auditor General*, requires that we report the results of our determination as to whether or not the Village has met one or more condition(s) described in Section 218.503(1), Florida Statutes, and identification of the specific conditions met. In connection with our audit, we determined that the Village did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.554(1)(i)5. c. and 10.556(8), *Rules of the Auditor General*, we applied financial condition assessment procedures. It is management's responsibility to monitor the Village's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

Section 10.554(1)(i)2., *Rules of the Auditor General*, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

### **Annual Financial Report**

Sections 10.554(1)(i)5.b. and 10.556(7), *Rules of the Auditor General*, require that we apply appropriate procedures and report the results of our determination as to whether the annual financial report of the Village for the fiscal year ended September 30, 2023, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2023. In connection with our audit, we determined that these two reports are in agreement.

### **Additional Matters**

Section 10.554(1)(i)3., *Rules of the Auditor General*, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material, but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

### **Purpose of This Letter**

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, federal, and other granting agencies, the board members, and applicable management, and is not intended to be, and should not be, used by anyone other than these specified parties.



September 19, 2024

## **INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE WITH SECTION 218.415, FLORIDA STATUTES**

To the Honorable Mayor and Village Council of  
Village of Virginia Gardens, Florida:

We have examined the Village of Virginia Gardens, Florida's (the "Village") compliance with Section 218.415, Florida Statutes, regarding the investment of public funds during the year ended September 30, 2023. Management is responsible for the Village's compliance with those requirements. Our responsibility is to express an opinion on the Village's compliance with those requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Village complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Village complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion. Our examination does not provide a legal determination on the Village's compliance with specified requirements.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

In our opinion, the Village complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2023.

This report is intended solely for the information and use of the Village and the Auditor General, State of Florida, and is not intended to be, and should not be, used by anyone other than these specified parties.

*WithumSmith+Brown, PC*

September 19, 2024

**Village of Virginia Gardens, Florida**  
**Schedule of Findings and Questioned Costs**  
**Year Ended September 30, 2023**

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**SECTION I – SUMMARY OF AUDITOR'S RESULTS**

Financial Statements

Type of auditor's report issued on whether the financial statements audited were prepared in accordance with GAAP	Unmodified		
Internal control over financial reporting			
Material weakness(es) identified?	_____ Yes	_____ X	_____ No
Significant deficiencies identified not considered to be material weaknesses?	_____ Yes	_____ X	_____ None reported
Noncompliance material to financial statements noted?	_____ Yes	_____ X	_____ No

Federal Awards Programs and State Project

Internal control over major programs			
Material weakness(es) identified?	_____ Yes	_____ X	_____ No
Significant deficiencies identified not considered to be material weaknesses?	_____ Yes	_____ X	_____ None reported
Type of auditor's report issued on compliance for major federal programs and state project?	Unmodified		
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) or Chapter 10.656, <i>Rules of the Auditor General of the State of Florida</i> ?	_____ Yes	_____ X	_____ No

Identification of major federal programs:

<u>Assistance Listing Number</u>	<u>Name of Federal Program or Cluster</u>
21.027	Coronavirus State and Local Fiscal Recovery Funds
20.205	Highway Planning and Construction

State Project

Identification of major state project:

<u>CSFA Number</u>	<u>Name of Major State Project</u>
37.039	Statewide Water Quality Restoration Projects

Dollar threshold used to distinguish between Type A and Type B federal programs:	\$ 750,000
Dollar threshold used to distinguish between Type A and Type B state projects:	\$ 300,000
Auditee qualified as low-risk auditee pursuant to Uniform Guidance (not applicable for state projects)?	_____ Yes _____ X _____ No

**SECTION II – FINANCIAL STATEMENT FINDINGS**

No matters were reported.

**SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

No matters were reported.

**SECTION IV – MAJOR STATE PROJECT FINDINGS AND QUESTIONED COSTS**

No matters were reported.

**SECTION V – PRIOR AUDIT FINDINGS**

No matters were reported.

See Independent Auditor's Report.